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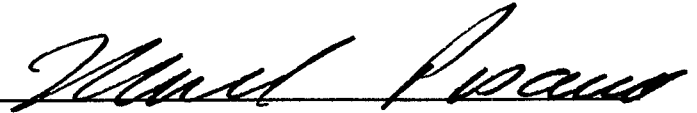
DATE: November 21, 2003

TO: Administration Committee and Regional Council

FROM: Bert Becker, CFO
(213) 236-1960, becker@scag.ca.gov

RE: Annual Financial Statements

EXECUTIVE DIRECTOR'S APPROVAL:



SUMMARY: The drafts of the annual financial statements and management letter for Fiscal Year 2003 were discussed at the Audit and Best Practices Subcommittee meeting on October 30 and the Administration Committee meeting on November 6. They are now submitted in final form to receive and file.

BACKGROUND: The annual fiscal audit was performed by KPMG for the third consecutive year. Attached are copies of the annual financial statements, single audit and management letter. We are pleased to report the opinions are unqualified and the management letter contains only one comment regarding password controls that is being addressed. The management letter states that all of the prior year comments have been fully resolved.

You will notice this year's financial statements includes a color cover, transmittal letter and a management discussion and analysis. These changes were due to implementation of GASB 34 and KPMG's opinion that the statements had improved significantly and should be submitted for recognition by the Government Finance Officer's Association annual award. We are pleased to provide you with these documents as another indication of the improvements that have been made at SCAG.

FISCAL IMPACT:

None
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